



 Watson  
& Associates  
ECONOMISTS LTD.

# Town of Essex 2021 Development Charges Update Study

Public Meeting  
May 3, 2021

# Agenda



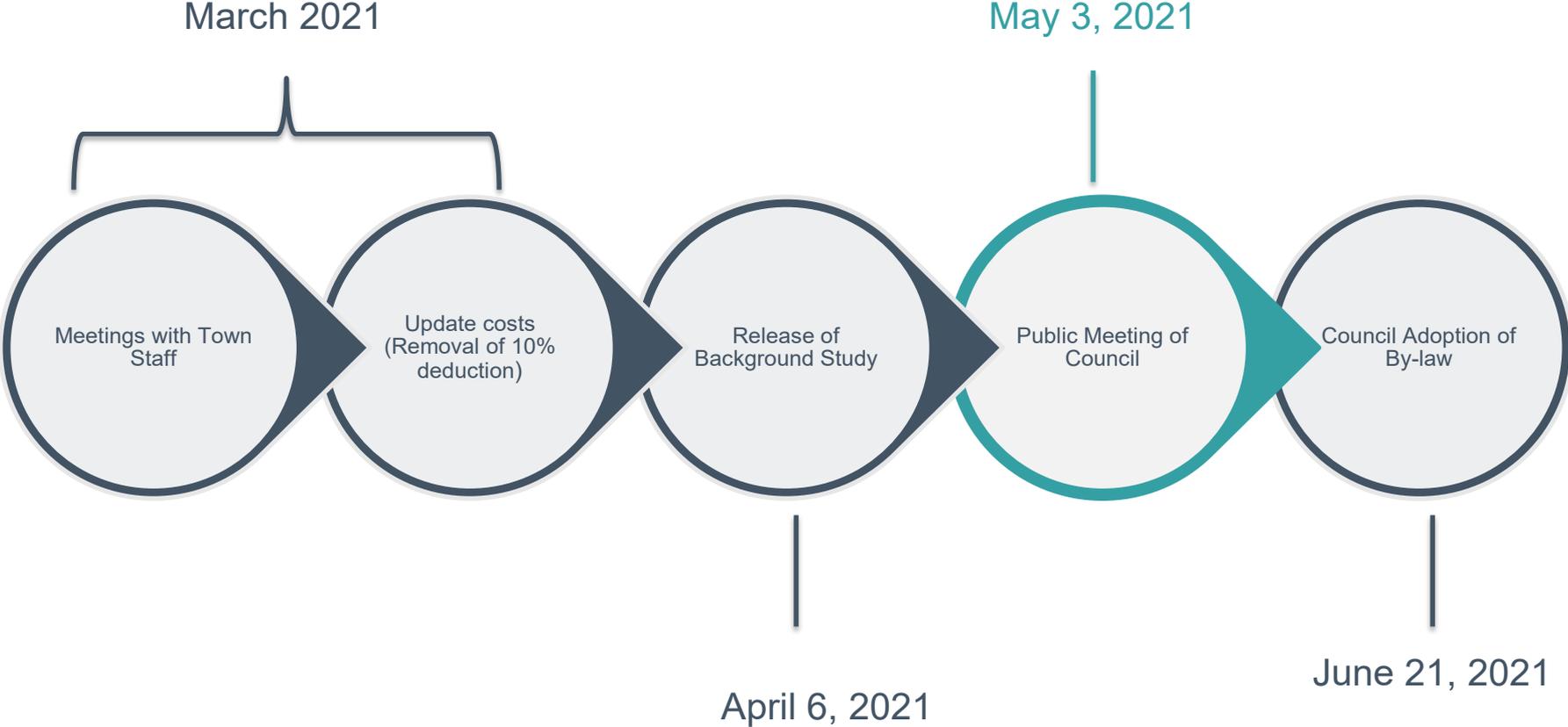
- D.C.A. Public Meeting
  - Opening Remarks
  - Presentation of the Proposed Policies and Charges
  - Presentations by the Public
  - Questions from Council
  - Conclude Public Meeting

# Public Meeting Purpose



- The public meeting is to provide for an update to the existing D.C. By-law to:
  - Remove the Mandatory 10% deduction; and
  - Incorporate policy changes as a result of Bills 108,197 and 213.
- The meeting is a mandatory requirement under the Development Charges Act (D.C.A.)
- Prior to Council's consideration of a by-law, a background study must be prepared and available to the public a minimum 60 days prior to the D.C. by-law passage

# Study Process & Timelines



# Development Charges



## **Purpose:**

- To recover the capital costs associated with residential and non-residential growth within a municipality.
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, roads, sidewalks, streetlights, etc.).
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.).

# Changes to the D.C. Legislation since 2019



There has been changes to the D.C.A. since the previous background study in 2019:

- Bill 108: More Homes, More Choice Act, 2019
- Bill 138: Plan to Build Ontario Together Act, 2019
- Bill 197: COVID-19 Economic Recovery Act, 2020
- Bill 213: Better for People, Smarter for Business Act, 2020

# Changes to the D.C. Legislation since 2019



It is not necessary for the Town to take immediate action to update the D.C. By-law.

If no action is taken, many changes about to be discussed will still be required to be implemented by the Town as per the D.C.A. however, the D.C. By-law will not reflect those changes.

If no action is taken, then the Town will not be collecting as much of the costs associated with growth from new development as they could.

# Bills 108 (More Homes, More Choice Act, 2019) and 138 (Plan to Build Ontario Together Act, 2019)



- On May 2, 2019, the Province introduced Bill 108, which proposed changes to the D.C.A.
  - Some sections were proclaimed in December of 2019, the balance was proclaimed September 18, 2020.
- On Nov. 6, 2019, the Province introduced Bill 138, which provided further changes to the D.C.A. The Bill was proclaimed December 10, 2019.
- The following provisions became effective as of January 1, 2020 and have been included in Essex's Draft D.C. by-law as a result of Bill 108/Bill 138:
  - Rental housing and institutional developments will pay D.C.s in 6 equal annual payments
  - Non-profit housing developments will pay D.C.s in 21 equal annual payments
  - The D.C. rate is frozen for Site Plan or Zoning By-law amendments until 2 years after approval
  - Interest may be charged on the installments and DC freeze

# Bill 197 (COVID-19 Economic Recovery Act, 2020)



The Province tabled legislation on July 8, 2020 in response to the COVID-19 global pandemic. Most of the proposed Bill 108 changes were revised by Bill 197. All sections of Bill 197 were proclaimed on September 18, 2020. The following changes are provided:

- D.C. eligible services: the list of D.C. eligible services has now been expanded from the original list under Bill 108.
- Classes of services may be established for components of a service or a combination of services.
- The mandatory 10% deduction is removed for all D.C.-eligible services.
- The 10-year planning horizon limit has been removed for all services except for transit

# Bill 197 (COVID-19 Economic Recovery Act, 2020) – Community Benefit Charges



- Community Benefits Charge: eligible for lower-tier and single-tier municipalities only – limit 4% of market value of land for eligible properties.
  - Can only be applied to higher density development (where there are 5 or more story's and 10 or more residential units)
  - Municipalities have two years to transition to the new C.B.C. authority.
- Currently, the services impacted by growth in Essex are all eligible for inclusion in the D.C., therefore a C.B.C. has not been undertaken.



# Bill 213 (Better for People, Smarter for Business Act, 2020)

On December 8, 2020, Bill 213 received Royal Assent. One of the changes of the Bill that took effect upon Royal Assent included amending the Ministry of Training, Colleges and Universities Act by introducing a new section that would exempt the payment of D.C.s for developments of land intended for use by a university that receives operating funds from the Government.

The impact of this change was reviewed and a revision to the exemptions section was made in the amending D.C. By-Law.

# Services Being Updated



The D.C. Background Study and By-law are being amended to remove the mandatory 10% from the following services:

- Outdoor Recreation Services
  - Indoor Recreation Services
  - Library Services
  - Administration – Community Based Studies – This will now be combined into a class of services with the Administration – Essential Services Studies and renamed “Growth Studies”
- These will be combined into one service:  
“Parks and Recreation Services”.

# Classes of Services Being Created



As per Bill 197 Classes of Services may be established for components of a service or a combination of services. As such, the Town is creating the following “Classes of Services”:

1. Public Works (Operations Facilities, Vehicles & Equipment); and
2. Growth Studies

The Town is already collecting for these items through its current D.C. by-law. This change is largely administrative.

# By-Law Amendments



By-Law 1850 is being amended to reflect the changes under Bills 108, 138, 197 and 213 as follows:

- D.C. policies in the By-Law are being updated, with respect to:
  - D.C. instalment payments;
  - D.C. rate freeze;
  - Interest policies;
  - Mandatory exemption for new ancillary units;
  - Mandatory exemption for universities receiving operating funds from the Government; and
  - Additional & refined definitions, where required.

# Calculated Rates (2019\$)



Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL	Wind Turbines and Telecommunication Towers	Solar Farms (per sq.ft)
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	Special Care/Special Dwelling Units	(per sq.ft. of Gross Floor Area)		
<b>Municipal Wide Services:</b>								
Services Related to a Highway	1,125	568	473	681	402	0.53	1,125	0.53
Public Works*	298	151	126	181	106	0.14	298	0.14
Fire Protection Services	979	494	412	593	349	0.46	979	0.46
Policing Services	427	215	180	259	152	0.19	427	0.19
Parks and Recreation Services**	4,940	2,492	2,077	2,992	1,762	0.19	-	-
Library Services	250	126	105	151	89	0.01	-	-
Growth Studies***	160	81	67	97	57	0.06	160	0.06
<b>Total Municipal Wide Services/Classes</b>	<b>8,179</b>	<b>4,127</b>	<b>3,440</b>	<b>4,954</b>	<b>2,917</b>	<b>1.58</b>	<b>2,989</b>	<b>1.38</b>
<b>Area Specific Services:</b>								
Ward 1 - Essex Service Area	3,351	1,690	1,409	2,029	1,195	2.03	-	-
Ward 2 - Colchester North Service Area	872	440	367	528	311	0.00	-	-
Ward 3 - Colchester South Service Area	2,067	1,043	869	1,252	737	1.18	-	-
Ward 4 - Harrow Service Area	2,484	1,253	1,045	1,505	886	1.43	-	-

\* Previously included in the charge for Services Related to a Highway.

\*\* Previously presented as two separate charges for Indoor and Outdoor Recreation Services

\*\*\* Previously presented as two separate charges for Administration-Essential Services & Administration-Community Based Services, some studies have been removed as they no longer are eligible due to the changes in the legislation



# Comparison of Rates – Residential Single Detached (2019\$)

Service/Class of Service	As per 2019 By-law	D.C Update (2019 \$)
<b>Municipal Wide Services:</b>		
Services Related to a Highway	1,125	1,125
Public Works*	427	298
Fire Protection Services	979	979
Policing Services	427	427
Parks and Recreation Services**	4,721	4,940
Library Services	225	250
Growth Studies***	191	160
<b>Total Municipal Wide Services</b>	<b>8,095</b>	<b>8,179</b>
<b>Area Specific Services - Wastewater:</b>		
Ward 1 - Essex Service Area	3,351	3,351
Ward 2 - Colchester North Service Area	872	872
Ward 3 - Colchester South Service Area	2,067	2,067
Ward 4 - Harrow Service Area	2,484	2,484

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# Comparison of Rates – Non-Residential Per Sq. Ft. (2019\$)



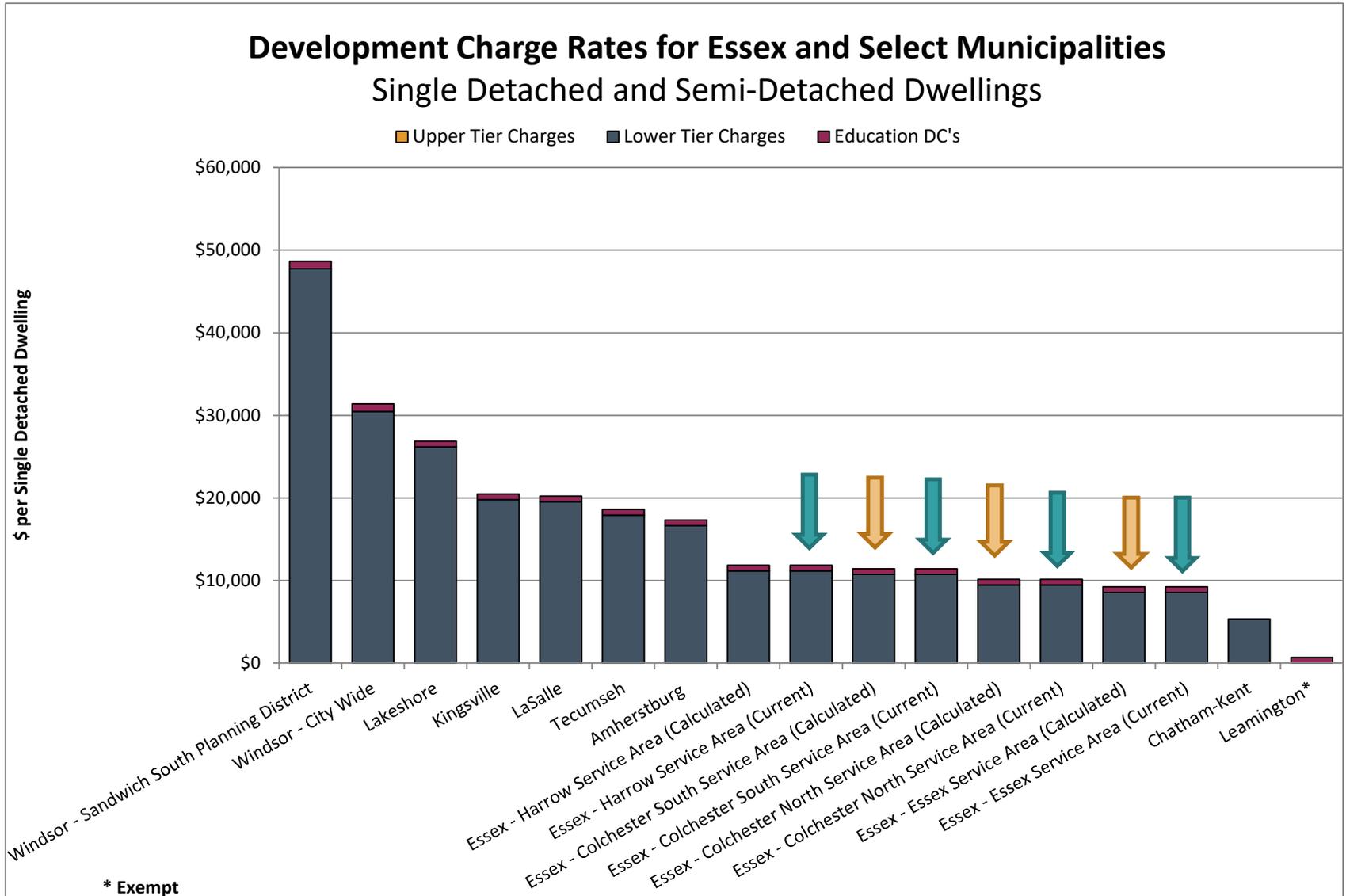
Service	As per 2019 By-law	D.C Update (2019 \$)
<b>Municipal Wide Services:</b>		
Services Related to a Highway	0.53	0.53
Public Works*	0.20	0.14
Fire Protection Services	0.46	0.46
Policing Services	0.19	0.19
Parks and Recreation Services**	0.17	0.19
Library Services	0.01	0.01
Growth Studies***	0.09	0.06
<b>Total Municipal Wide Services</b>	<b>1.65</b>	<b>1.58</b>
<b>Area Specific Services - Wastewater:</b>		
Ward 1 - Essex Service Area	2.03	2.03
Ward 2 - Colchester North Service Area	-	-
Ward 3 - Colchester South Service Area	1.18	1.18
Ward 4 - Harrow Service Area	1.43	1.43

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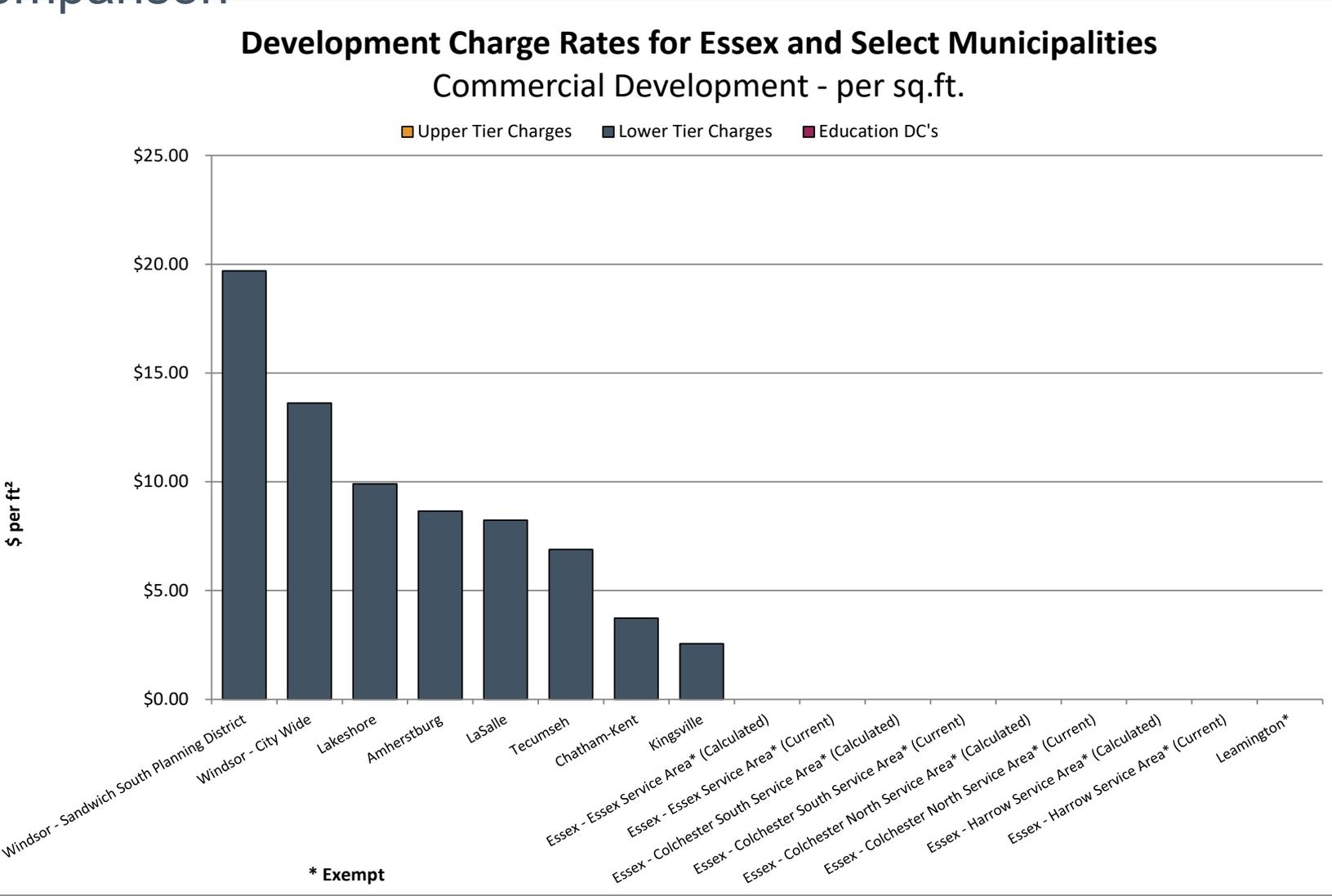
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# Residential (per single-detached unit) D.C. Comparison

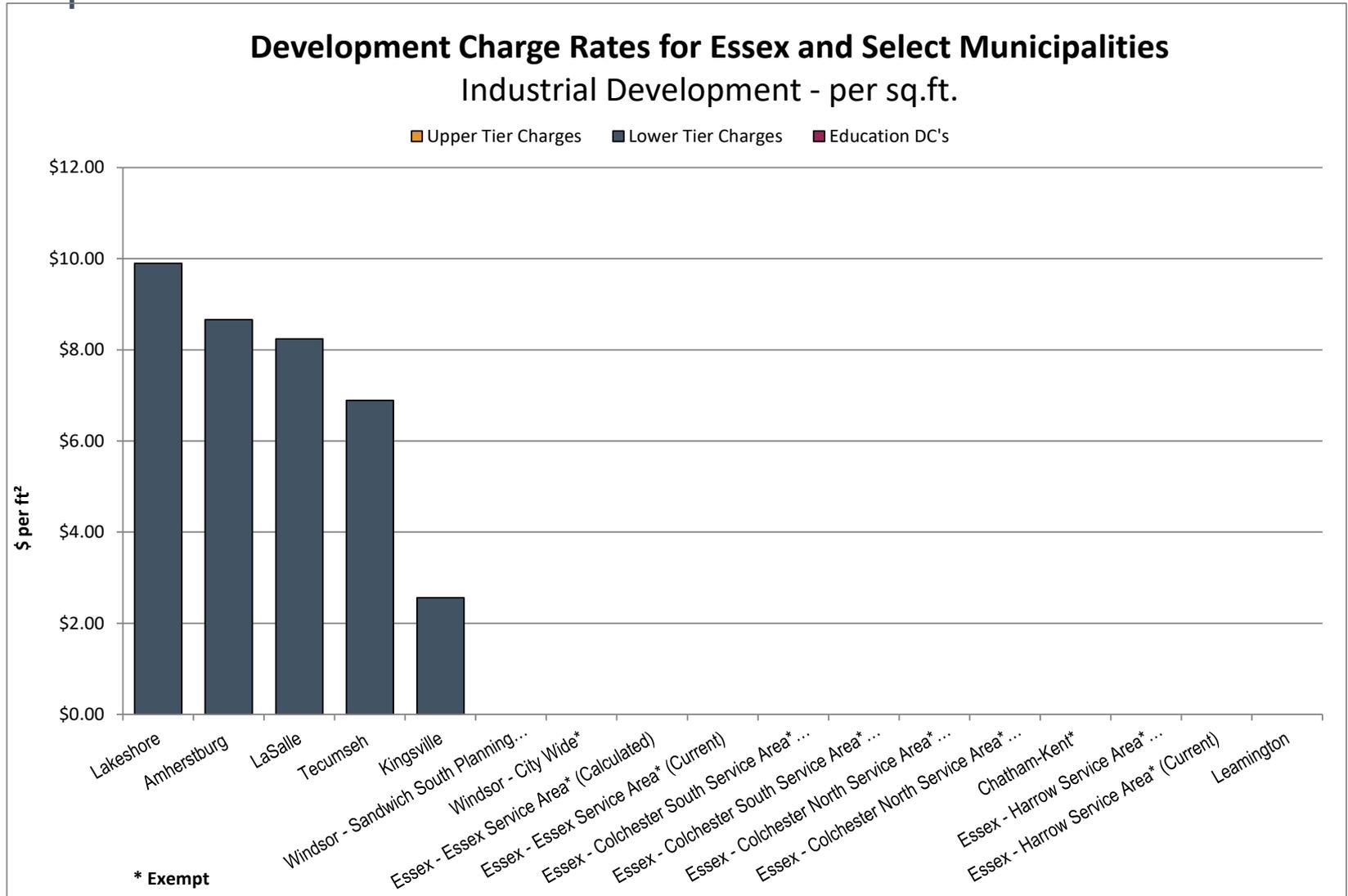


\* Exempt

# Non-Residential – Commercial (per Sq. Ft.) D.C. Comparison



# Non-Residential – Industrial (per Sq. Ft.) D.C. Comparison



# Next Steps



Council  
Adoption of  
By-law  
(June 21,  
2021)